

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Application of:	McGee <i>et al.</i>	Confirmation No.:	1490
Application No.:	10/719,997	Art Unit:	1625
Filed:	November 20, 2003	Examiner:	Seaman, D. Margaret
For:	QUINOLINYL AND BENZOTHIAZOLYL MODULATORS	Attorney Docket No:	11134-096-999 (CAM: 893053-999097)

**REQUEST FOR RECONSIDERATION OF  
PATENT TERM ADJUSTMENT UNDER 37 C.F.R. § 1.705(b)**

**Mail Stop ISSUE FEE**  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

Applicants received a Notice of Allowance and Fee(s) Due (“Notice”) mailed November 17, 2008 from the U.S. Patent and Trademark Office (“PTO”) in connection with Application No. 10/719,997 (hereinafter “the ’997 application”). Accompanying the Notice was a Determination of Patent Term Adjustment under 35 U.S.C. 154 (b), which indicated that the patent term adjustment to date is 0 days for the ’997 application.

This petition is being filed prior to payment of the issue fee and thus is timely under 37 C.F.R. § 1.705(b).

Applicants hereby respectfully request reconsideration of the patent term adjustment indicated in the Notice. Specifically, Applicants believe that the patent term adjustment should be increased by 290 days to a total of **290** days. The basis for this petition and the required fees are set forth below.

**REMARKS**

A request for reconsideration of patent term adjustment under 37 C.F.R. § 1.705(b) must be accompanied by:

- (1) the fee set forth in 37 C.F.R. § 1.18(e); and
- (2) a statement of the facts involved, specifying:
  - (i) the correct patent term adjustment and the basis or bases under 37 C.F.R. § 1.702 for the adjustment;
  - (ii) the relevant dates as specified in 37 C.F.R. §§ 1.703(a) through (e) for which an adjustment is sought and the adjustment as specified in 37 C.F.R. § 1.703(f) to which the patent is entitled;
  - (iii) whether the patent is subject to a terminal disclaimer and any expiration date specified in the terminal disclaimer; and
  - (iv)(A) any circumstances during the prosecution of the application resulting in the patent that constitute a failure to engage in reasonable efforts to conclude processing or examination of such application as set forth in 37 C.F.R. § 1.704; or  
(B) that there were no circumstances constituting a failure to engage in reasonable efforts to conclude processing or examination of such application as set forth in 37 C.F.R. § 1.704.

*See* 37 C.F.R. § 1.705(b).

In support of this request, Applicants submit the following:

**1. Fee Required Under 37 C.F.R. § 1.705(b)(1)**

Pursuant to 37 C.F.R. §§ 1.705(b)(1) and § 1.18(e), the fee required for filing this application is believed to be **\$200.00**.

Please charge the required fee to Jones Day Deposit Account No. 50-3013 (referencing 893053-999097).

**2. Statement Required Under 37 C.F.R. § 1.705(b)(2)**

Pursuant to 37 C.F.R. § 1.702(b)(2), Applicants submit the following statement of facts in support of this application:

(i) The correct patent term adjustment and the basis or bases under 37 C.F.R. § 1.702 for the adjustment are as follows:

1. Correct patent term adjustment:

The correct patent term adjustment is 290 days, which is attributable to (a) the failure of the PTO to mail a notification under 35 U.S.C. § 132 not later than fourteen months after the date on which the '997 application was filed under 35 U.S.C. 111(a) (delay under 37 C.F.R. § 1.702(a)(1)); and (b) the failure of the PTO to issue a patent within three years of the actual filing date of the '997 application (delay under 37 C.F.R. § 1.702(b)).

2. Bases under 37 C.F.R. § 1.702 for the adjustment:

(a) Delay under 37 C.F.R. § 1.702(a)(1)

The delay by the PTO under 37 C.F.R. § 1.702(a)(1) is 83 days.

As acknowledged by the PTO in its calculation of the patent term adjustment, the PTO failed to mail a notification under 35 U.S.C. § 132 within fourteen months from the date of filing of the '997 application. *See* PTO's Patent Application Information Retrieval page for U.S. Application No. 10/719,997, at Patent Term Adjustment History ("PTO PAIR Adjustment," Exhibit A). The '997 application was filed under 35 U.S.C. § 111(a) on November 20, 2003. The first notification under 35 U.S.C. § 132 (a Restriction Requirement) was mailed by the PTO on April 12, 2005. Accordingly, the PTO did not mail a notification under 35 U.S.C. § 132 or a notice of allowance under 35 U.S.C. § 151 within fourteen months after the date on which the application was filed (or by January 20, 2005), and thus, the term of the patent should have been adjusted because the notification under 35 U.S.C. § 132 was delayed by 83 days, which is the period of time from January 20, 2005 to April 12, 2005. 37 C.F.R. § 1.702(a)(1).

(b) Delay under 37 C.F.R. § 1.702(b)

The delay by the PTO under 37 C.F.R. § 1.702(b) is 568 days.

The '997 application was filed under 35 U.S.C. § 111(a) on November 20, 2003. A Request for Continued Examination (“RCE”) under 35 U.S.C. § 132(b) was filed on June 11, 2008. The filing of a RCE cuts-off the applicant’s ability to accumulate any additional patent term adjustment against the three-year pendency provision, but does not otherwise affect patent term adjustment.” *See MPEP § 706.07(h) XIII A. “Comparison With The Transitional Procedure Set Forth In 37 CFR 1.129(a) And The CPA Procedure Set Forth In 37 CFR 1.53(d).”* Accordingly, the PTO failed to issue a patent within three years of the date on which the application was filed (or by November 20, 2006), and thus, the term of the patent should have been adjusted because issuance was delayed by 568 days, which is the period of time from November 20, 2006 to June 11, 2008. 37 C.F.R. § 1.702(b). This delay in issuance of the patent was not included by the PTO in its calculation of patent term adjustment (*see “PTO PAIR Adjustment,” Exhibit A.*)

According to 35 U.S.C. § 154(b)(2)(A): “To the extent that periods of delay attributable to grounds specified in paragraph (1) *overlap*, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.” *See 35 U.S.C. § 154(b)(2)(A).*

According to 37 C.F.R. § 1.703(f): “The term of a patent entitled to adjustment under § 1.702 and this section shall be adjusted for the sum of the periods calculated under paragraphs (a) through (e) of this section, to the extent that such periods are not *overlapping* ....” (emphasis added). *See 37 C.F.R. § 1.703(f).*

Applicants respectfully submit that under controlling case law the delay under 37 C.F.R. § 1.702(a)(1) does not overlap the delay under 37 C.F.R. § 1.702(b) for the '997 application.

In *Wyeth et al. v. Dudas* (hereinafter *Wyeth*) the District Court for the District of Columbia clarified the meaning of 35 U.S.C. § 154(b)(2)(A). *See Wyeth et al. v. Dudas*, Civil Action No. 07-1492 (JR), United States District Court for the District of Columbia, 2008 U.S. Dist. LEXIS 76063 (D.D.C.,

September 30, 2008), attached hereto as Exhibit B. In *Wyeth*, the court held that: “The only way that periods of time can ‘overlap’ is if they occur on the same day. If an ‘A delay’ occurs on one calendar day and a ‘B delay’ occurs on another, they do not overlap.” *Wyeth*, 2008 U.S. Dist. LEXIS 76063, 9-10.

Turning to the ’997 application, the period of delay under 37 C.F.R. § 1.702(a)(1) occurred from January 20, 2005, fourteen months from the date on which the application was filed, to April 12, 2005, the date on which a Restriction Requirement was mailed by the PTO. The period of delay under 37 C.F.R. § 1.702(b) occurred from November 20, 2006, three years from the date on which the application was filed, to June 11, 2008, the date a Request for Continued Examination was filed. Thus, the delay under 37 C.F.R. § 1.702(a)(1) (January 20, 2005 to April 12, 2005) occurred on different calendar days than the delay under 37 C.F.R. § 1.702(b) (November 20, 2006 to June 11, 2008). Consequently, under 35 U.S.C. § 154(b)(2)(A), the delay under 37 C.F.R. § 1.702(a)(1) does not overlap the delay under 37 C.F.R. § 1.702(b) for the ’997 application, and therefore the total delay under 37 C.F.R. § 1.702 for the adjustment should be a summation of the delays under 37 C.F.R. § 1.702(a)(1) and 37 C.F.R. § 1.702(b), or **651** days (the sum of 83 and 568 days).

(ii) The relevant dates as specified in 37 C.F.R. §§ 1.703(a) through (e) for which an adjustment is sought and the adjustment as specified in 37 C.F.R. § 1.703(f) are as follows:

1. Adjustment under 37 C.F.R. §§ 1.703(a) through (e):

An adjustment is sought under 37 C.F.R. § 1.703(a)(1), which provides, in relevant part, that the period of adjustment is “[t]he number of days, if any, in the period beginning on the day after the date that is fourteen months after the date on which the application was filed under 35 U.S.C. 111(a) and ending on the date of mailing of either an action under 35 U.S.C. 132, or a notice of allowance under 35 U.S.C. 151, whichever occurs first.”

The patent term adjustment calculated by the PTO correctly included the time period under 37 C.F.R. § 1.702(a)(1) for the period beginning

January 20, 2005 (fourteen months after the date on which the '997 application was filed) and ending April 12, 2005, the date the Restriction Requirement was mailed from the PTO. Applicants confirm that this period consists of 83 days.

An adjustment is sought under 37 C.F.R. § 1.703(b), which provides, in relevant part, that "the period of adjustment under 37 C.F.R. § 1.702(b) is the number of days, if any, in the period beginning on the day after the date that is three years after the date on which the application was filed under 35 U.S.C. 111(a)...and ending on the date a patent was issued."

Applicants submit that this period consists of 568 days. Applicants further submit that the delay under 37 C.F.R. § 1.702(a)(1) does not overlap the delay under 37 C.F.R. § 1.702(b), as explained above.

Accordingly, Applicants' believe that the delays attributable to the PTO under 37 C.F.R. § 1.702 total 651 days (the sum of 83 and 568 days), not 0 days as calculated by the PTO.

2. Adjustment under 37 C.F.R. § 1.703(f):

As discussed in section (i) above, Applicants believe that the total delay by the PTO under 37 C.F.R. § 1.702(a)(1) and (b) amounts to 651 days. As discussed in section (iv) below, Applicants believe that the total delay attributable to Applicants under 37 C.F.R. § 1.704 amounts to 361 days. Applicants believe that the total period of adjustment due under 37 C.F.R. § 1.703(f) is 290 days, which is the sum of the periods by the PTO calculated under 37 C.F.R. §§ 1.702(a) through (e) (*i.e.*, 651 days), to the extent that such periods are not overlapping, less the sum of the periods calculated under Section 1.704 (*i.e.*, 361 days).

- (iii) The '997 application is not subject to a terminal disclaimer.
- (iv) The circumstances during the prosecution of the '997 application that might constitute a failure to engage in reasonable efforts to conclude processing or

examination of the '997 application as set forth in 37 C.F.R. § 1.704 are believed to consist to consist of the following:

1. a delay of 34 days by Applicants under 37 C.F.R. § 1.704(b) due to Applicants' payment of a late filing fee on May 13, 2004 in response to the Notice to File Missing Parts of Nonprovisional Application mailed on January 9, 2004;
2. a delay of 85 days by Applicants under 37 C.F.R. § 1.704(b) due to Applicants' filing of an Amendment and Response on December 9, 2005 in response to the non-final Office Action mailed on June 15, 2005;
3. a delay of 92 days by Applicants under 37 C.F.R. § 1.704(b) due to Applicants' filing of an Amendment and Response on August 28, 2006 in response to the non-final Office Action mailed on February 28, 2006;
4. a delay of 58 days by Applicants under 37 C.F.R. § 1.704(b) due to Applicants' filing of an Amendment and Response on April 19, 2007 in response to the non-final Office Action mailed on November 20, 2006; and
5. a delay of 92 days by Applicants under 37 C.F.R. § 1.704(b) due to Applicants' filing of an Amendment and Response on January 23, 2008 in response to the non-final Office Action mailed on July 23, 2007.

37 C.F.R. § 1.704(b) provides, in relevant part: "[A]n applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or examination of an application for the cumulative total of any periods of time in excess of three months that are taken to reply to any notice or action by the Office making any rejection, objection, argument, or other request, measuring such three-month period from the date the notice or action was mailed or given to the applicant, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date that is three months after the date of mailing or transmission of the Office communication notifying the applicant of the rejection, objection, argument, or other request and ending on the date the reply was filed."

Request for Reconsideration of Patent Term Adjustment Under 37 C.F.R. § 1.705(b)  
Application No. 10/719,997

The patent term adjustment calculated by the PTO correctly included the above time periods under 37 C.F.R. § 1.704(b). See PTO PAIR Adjustment, Exhibit A. Applicants confirm that the sum of the above time period consists of 361 days.

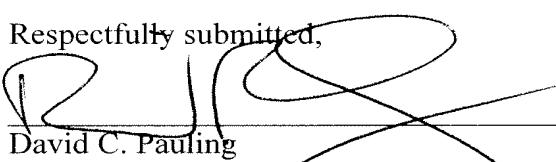
**CONCLUSION**

In summary, the total adjustment under 37 C.F.R. § 1.702(a)(1) and (b) is 651 days, the total delays attributable to Applicants under 37 C.F.R. § 1.704 are 361 days, and thus the total period of adjustment due under 37 C.F.R. § 1.703(f) is believed to be 290 days. Accordingly, Applicants respectfully request an adjustment of patent term under 37 C.F.R. § 1.703(f) totaling 290 days.

In accordance with 37 C.F.R. § 1.705(b), this request for reconsideration of patent term adjustment is being filed no later than the payment of the issue fee and not earlier than the date of mailing of the notice of allowance for Application No. 10/719,997, and thus is timely filed.

Date: February 17, 2009

Respectfully submitted,

  
David C. Pauling

56,056  
(Reg. No.)

For: Anthony M. Insogna (Reg. No.35,203)  
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**EXHIBIT A: PTO PAIR Adjustment**

10/719,997	QUINOLINYL AND BENZOTHIAZOLYL MODULATORS	02-07- 2009::16:26:30
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### **Patent Term Adjustments**

Patent Term Adjustment (PTA) for Application Number: 10/719,997

Filing or 371(c) Date:	11-20-2003	USPTO Delay (PTO) Delay (days):	83
Issue Date of Patent:	-	Three Years:	-
Pre-Issue Petitions (days):	+0	Applicant Delay (APPL) Delay (days):	361
Post-Issue Petitions (days):	+0	Total PTA (days):	0
USPTO Adjustment(days):	+0	Explanation Of Calculations	

### **Patent Term Adjustment History**

Date	Contents Description	PTO(Days)	APPL(Days)
11-17-2008	Mail Notice of Allowance		
11-14-2008	Notice of Allowance Data Verification Completed		
11-14-2008	Document Verification		
10-28-2008	Information Disclosure Statement considered		
10-28-2008	Reference capture on IDS		
11-06-2008	Date Forwarded to Examiner		
10-28-2008	Response after Non-Final Action		
10-28-2008	Information Disclosure Statement (IDS) Filed		
10-28-2008	Information Disclosure Statement (IDS) Filed		
07-28-2008	Mail Non-Final Rejection		
07-24-2008	Non-Final Rejection		
06-11-2008	Information Disclosure Statement considered		
06-11-2008	Reference capture on IDS		
06-11-2008	Information Disclosure Statement (IDS) Filed		
06-21-2008	Date Forwarded to Examiner		
06-11-2008	Request for Continued Examination (RCE)		
06-21-2008	DISPOSAL FOR A RCE/CPA/129 (express abandonment if CPA)		
06-11-2008	Information Disclosure Statement (IDS) Filed		
06-11-2008	Workflow - Request for RCE - Begin		
01-23-2008	Miscellaneous Incoming Letter		
03-11-2008	Mail Notice of Allowance		
02-28-2008	Document Verification		
02-27-2008	Notice of Allowance Data Verification Completed		
01-08-2008	Information Disclosure Statement considered		
01-23-2008	Affidavit(s) (Rule 131 or 132) or Exhibit(s) Received		
01-29-2008	Date Forwarded to Examiner		
01-23-2008	Response after Non-Final Action		92
01-23-2008	Request for Extension of Time - Granted		▲
01-08-2008	Information Disclosure Statement (IDS) Filed		▲
07-23-2007	Mail Non-Final Rejection		▲

07-19-2007	Non-Final Rejection	
05-14-2007	Case Docketed to Examiner in GAU	
04-19-2007	Information Disclosure Statement considered	
04-19-2007	Information Disclosure Statement (IDS) Filed	
04-19-2007	Information Disclosure Statement (IDS) Filed	
05-08-2007	Date Forwarded to Examiner	
04-19-2007	Response after Non-Final Action	58
04-19-2007	Request for Extension of Time - Granted	↑
11-20-2006	Mail Non-Final Rejection	↑
11-13-2006	Non-Final Rejection	↑
08-28-2006	Rule 47 / 48 Correction of Inventorship Papers Filed	
09-12-2006	Date Forwarded to Examiner	
08-28-2006	Response after Non-Final Action	92
08-28-2006	Request for Extension of Time - Granted	↑
04-19-2006	Mail-Petition Decision - Granted	↑
04-18-2006	Correspondence Address Change	↑
04-19-2006	Change in Power of Attorney (May Include Associate POA)	↑
04-19-2006	Change in Power of Attorney (May Include Associate POA)	↑
08-18-2005	Petition Entered	↑
02-28-2006	Mail Non-Final Rejection	↑
02-24-2006	Non-Final Rejection	↑
01-03-2006	Date Forwarded to Examiner	
12-09-2005	Response after Non-Final Action	85
12-09-2005	Request for Extension of Time - Granted	↑
01-03-2006	Correspondence Address Change	↑
06-15-2005	Mail Non-Final Rejection	↑
06-13-2005	Non-Final Rejection	↑
05-23-2005	Date Forwarded to Examiner	
05-16-2005	Response to Election / Restriction Filed	
04-13-2005	Mail Restriction Requirement	83
04-12-2005	Requirement for Restriction / Election	↑
12-14-2004	Reference capture on IDS	↑
12-14-2004	Information Disclosure Statement (IDS) Filed	↑
12-14-2004	Information Disclosure Statement (IDS) Filed	↑
09-24-2004	Case Docketed to Examiner in GAU	↑
09-24-2004	IFW TSS Processing by Tech Center Complete	↑
11-20-2003	Reference capture on IDS	↑
11-20-2003	Information Disclosure Statement (IDS) Filed	↑
11-20-2003	Information Disclosure Statement (IDS) Filed	↑
11-20-2003	Preliminary Amendment	↑
05-25-2004	Application Return from OIPE	↑

05-25-2004	Application Return TO OIPE	↑
05-24-2004	Application Dispatched from OIPE	↑
05-25-2004	Application Is Now Complete	↑
05-13-2004	Payment of additional filing fee/Preeexam	34
04-28-2004	Transfer Inquiry to GAU	↑
01-09-2004	Notice Mailed--Application Incomplete--Filing Date Assigned	↑
01-05-2004	Cleared by OIPE CSR	
12-25-2003	IFW Scan & PACR Auto Security Review	
11-20-2003	Initial Exam Team nn	

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**EXHIBIT B:**

***Wyeth et al. v. Dudas, Civil Action No. 07-1492 (JR), United States District Court for the  
District of Columbia, 2008 U.S. Dist. LEXIS 76063 (D.D.C., September 30, 2008)***

1 of 1 DOCUMENT

**WYETH, et al., Plaintiffs, v. JON W. DUDAS, Under Secretary of Commerce for Intellectual Property and Director of U.S. Patent and Trademark Office, Defendant.**

**Civil Action No. 07-1492 (JR)**

**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA**

**2008 U.S. Dist. LEXIS 76063**

**September 30, 2008, Filed**

**COUNSEL:** [\*1] WYETH, Plaintiff: David O. Bickart, LEAD ATTORNEY, Patricia A. Carson, PRO HAC VICE, KAYE SCHOLER LLP, Washington, DC.

For ELAN PHARMA INTERNATIONAL LIMITED, Plaintiff: David O. Bickart, LEAD ATTORNEY, KAYE SCHOLER LLP, Washington, DC.

For JON W. DUDAS, Honorable, Under Secretary of Commerce, Defendant: Fred Elmore Haynes, LEAD ATTORNEY, U.S. ATTORNEY'S OFFICE, Washington, DC.

**JUDGES:** JAMES ROBERTSON, United States District Judge.

**OPINION BY:** JAMES ROBERTSON

## **OPINION**

### **MEMORANDUM OPINION**

Plaintiffs here take issue with the interpretation that the United States Patent and Trademark Office (PTO) has imposed upon 35 U.S.C. § 154, the statute that prescribes patent terms. Section 154(a)(2) establishes a term of 20 years from the day on which a successful patent application is first filed. Because the clock begins to run on this filing date, and not on the day the patent is actually granted, some of the effective term of a patent is consumed by the time it takes to prosecute the application. To mitigate the damage that bureaucracy can do to inventors, the statute grants extensions of patent terms for certain specified kinds of PTO delay, 35 U.S.C. § 154(b)(1)(A), and, regardless of the reason, whenever the patent prosecution [\*2] takes more than three years. 35 U.S.C. § 154(b)(1)(B). Recognizing that the protection provided by these separate guarantees might overlap,

Congress has forbidden double-counting: "To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed." 35 U.S.C. § 154(b)(2)(A). Plaintiffs claim that the PTO has misconstrued or misapplied this provision, and that the PTO is denying them a portion of the term Congress has provided for the protection of their intellectual property rights.

### **Statutory Scheme**

Until 1994, patent terms were 17 years from the date of issuance. See 35 U.S.C. § 154 (1992) ("Every patent shall contain . . . a grant . . . for the term of seventeen years . . . of the right to exclude others from making, using, or selling the invention throughout the United States. . . ."). In 1994, in order to comply with treaty obligations under the General Agreement on Tariffs and Trade (GATT), the statute was amended to provide a 20-year term from the date on which the application is first filed. See Pub. L. No. 103-465, § 532, 108 Stat. 4809, 4984 (1994). [\*3] In 1999, concerned that extended prosecution delays could deny inventors substantial portions of their effective patent terms under the new regime, Congress enacted the American Inventors Protection Act, a portion of which -- referred to as the Patent Term Guarantee Act of 1999 -- provided for the adjustments that are at issue in this case. Pub. L. No. 106-113, §§ 4401-4402, 113 Stat. 1501, 1501A-557 (1999).

As currently codified, 35 U.S.C. § 154(b) provides three guarantees of patent term, two of which are at issue here. The first is found in subsection (b)(1)(A), the "[g]uarantee of prompt Patent and Trademark Office response." It provides a one-day extension of patent term for every day that issuance of a patent is delayed by a failure of the PTO to comply with various enumerated

statutory deadlines: fourteen months for a first office action; four months to respond to a reply; four months to issue a patent after the fee is paid; and the like. *See 35 U.S.C. § 154(b)(1)(A)(i)-(iv).* Periods of delay that fit under this provision are called "A delays" or "A periods." The second provision is the "[g]uarantee of no more than 3-year application pendency." Under this provision, a one-day [\*4] term extension is granted for every day greater than three years after the filing date that it takes for the patent to issue, regardless of whether the delay is the fault of the PTO. *See 35 U.S.C. § 154(b)(1)(B).* The period that begins after the three-year window has closed is referred to as the "B delay" or the "B period". ("C delays," delays resulting from interferences, secrecy orders, and appeals, are similarly treated but were not involved in the patent applications underlying this suit.)

1 Certain reasons for exceeding the three-year pendency period are excluded, *see 35 U.S.C. § 154(b)(1)(B)(i)-(iii)*, as are periods attributable to the applicant's own delay. *See 35 U.S.C. § 154(b)(2)(C).*

The extensions granted for A, B, and C delays are subject to the following limitation:

**(A) In general.**--To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

*35 U.S.C. § 154(b)(2)(A).* This provision is manifestly intended to prevent double-counting of periods of delay, but understanding that intent does not answer [\*5] the question of what is double-counting and what is not. Proper interpretation of this proscription against windfall extensions requires an assessment of what it means for "periods of delay" to "overlap."

The PTO, pursuant to its power under *35 U.S.C. § 154(b)(3)(A)* to "prescribe regulations establishing procedures for the application for and determination of patent term adjustments," has issued final rules and an "explanation" of the rules, setting forth its authoritative construction of the double-counting provision. The rules that the PTO has promulgated essentially parrot the statutory text, *see 37 C.F.R. § 1.703(f)*, and so the real interpretive act is found in something the PTO calls its Explanation of *37 CFR 1.703(f)* and of the United States Patent and Trademark Office Interpretation of *35 U.S.C. § 154(b)(2)(A)*, which was published on June 21, 2004, at *69 Fed. Reg. 34238*. Here, the PTO "explained" that:

the Office has consistently taken the position that if an application is entitled to an adjustment under the three-year pendency provision of *35 U.S.C. § 154(b)(1)(B)*, the entire period during which the application was pending before the Office (except for periods excluded under [\*6] *35 U.S.C. § 154(b)(1)(B)(i)-(iii)*), and not just the period beginning three years after the actual filing date of the application, is the relevant period under *35 U.S.C. § 154(b)(1)(B)* in determining whether periods of delay "overlap" under *35 U.S.C. 154(b)(2)(A)*.

*69 Fed. Reg. 34238 (2004)* (emphasis added). In short, the PTO's view is that any administrative delay under *§ 154(b)(1)(A)* overlaps any 3-year maximum pendency delay under *§ 154(b)(1)(B)*: the applicant gets credit for "A delay" or for "B delay," whichever is larger, but never A + B.

In the plaintiffs' submission, this interpretation does not square with the language of the statute. They argue that the "A period" and "B period" overlap only if they occur on the same calendar day or days. Consider this example, proffered by plaintiff: A patent application is filed on 1/1/02. The patent issues on 1/1/08, six years later. In that six-year period are two "A periods," each one year long: (1) the 14-month deadline for first office action is 3/1/03, but the first office action does not occur until 3/1/04, one year late; (2) the 4-month deadline for patent issuance after payment of the issuance fee is 1/1/07, but the patent does not [\*7] issue until 1/1/08, another year of delay attributable to the PTO. According to plaintiff, the "B period" begins running on 1/1/05, three years after the patent application was filed, and ends three years later, with the issuance of the patent on 1/1/08. In this example, then, the first "A period" does not overlap the "B period," because it occurs in 2003-04, not in 2005-07. The second "A period," which covers 365 of the same days covered by the "B period," does overlap. Thus, in plaintiff's submission, this patent holder is entitled to four years of adjustment (one year of "A period" delay + three years of "B period" delay). But in the PTO's view, since "the entire period during which the application was pending before the office" is considered to be "B period" for purposes of identifying "overlap," the patent holder gets only three years of adjustment.

#### **Chevron Deference**

We must first decide whether the PTO's interpretation is entitled to deference under *Chevron v. NRDC*, 467 U.S. 837, 104 S. Ct. 2778, 81 L. Ed. 2d 694 (1984). No,

the plaintiffs argue, because, under the Supreme Court's holdings in *Gonzales v. Oregon*, 546 U.S. 243, 126 S. Ct. 904, 163 L. Ed. 2d 748 (2006), and *United States v. Mead Corp.*, 533 U.S. 218, 121 S. Ct. 2164, 150 L. Ed. 2d 292 (2001), Congress has not "delegated" [\*8] authority to the agency generally to make rules carrying the force of law," and in any case the interpretation at issue here was not promulgated pursuant to any such authority. See *Gonzales*, 546 U.S. at 255-56, citing *Mead*, 533 U.S. at 226-27. Since at least 1996, the Federal Circuit has held that the PTO is not afforded *Chevron* deference because it does not have the authority to issue substantive rules, only procedural regulations regarding the conduct of proceedings before the agency. See *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996).

Here, as in *Merck*, the authority of the PTO is limited to prescribing "regulations establishing procedures for the application for and determination of patent term adjustments under this subsection." 35 U.S.C. § 154(b)(3)(A) (emphasis added). Indeed, a comparison of this rulemaking authority with the authority conferred for a different purpose in the immediately preceding section of the statute makes it clear that the PTO's authority to interpret the overlap provision is quite limited. In 35 U.S.C. § 154(b)(2)(C)(iii) the PTO is given the power to "prescribe regulations establishing the circumstances that constitute a failure of an applicant" [\*9] to engage in reasonable efforts to conclude processing or examination of an application" (emphasis added) -- that is, the power to elaborate on the meaning of a particular statutory term. No such power is granted under § 154(b)(3)(A). *Chevron* deference does not apply to the interpretation at issue here.

### Statutory Construction

*Chevron* would not save the PTO's interpretation, however, because it cannot be reconciled with the plain text of the statute. If the statutory text is not ambiguous enough to permit the construction that the agency urges, that construction fails at *Chevron's* "step one," without regard to whether it is a reasonable attempt to reach a result that Congress might have intended. See, e.g., *MCI v. AT&T*, 512 U.S. 218, 229, 114 S. Ct. 2223, 129 L. Ed. 2d 182 (1994) ("[A]n agency's interpretation of a statute is not entitled to deference when it goes beyond the meaning that the statute can bear.").

The operative question under 35 U.S.C. § 154(b)(2)(A) is whether "periods of delay attributable to grounds specified in paragraph (1) overlap." The only way that periods of time can "overlap" is if they occur on the same day. If an "A delay" occurs on one calendar day and a "B delay" occurs on another, they do not [\*10] overlap, and § 154(b)(2)(A) does not limit the extension to one day. Recognizing this, the PTO defends its inter-

pretation as essentially running the "period of delay" under subsection (B) from the filing date of the patent application, such that a period of "B delay" always overlaps with any periods of "A delay" for the purposes of applying § 154(b)(2)(A).

The problem with the PTO's construction is that it considers the application *delayed* under § 154(b)(1)(B) during the period *before it has been delayed*. That construction cannot be squared with the language of § 154(b)(1)(B), which applies "if the issue of an original patent is delayed due to the failure of the United States Patent and Trademark Office to issue a patent within 3 years." (Emphasis added.) "B delay" begins when the PTO has failed to issue a patent within three years, not before.

The PTO's interpretation appears to be driven by Congress's admonition that any term extension "not exceed the actual number of days the issuance of the patent was delayed," and by the PTO's view that "A delays" during the first three years of an applications' pendency inevitably lead to "B delays" in later years. Thus, as the PTO sees it, if [\*11] plaintiffs' construction is adopted, one cause of delay will be counted twice: once because the PTO has failed to meet an administrative deadline, and again because that failure has pushed back the entire processing of the application into the "B period." Indeed, in the example set forth above, plaintiffs' calendar-day construction does result in a total effective patent term of 18 years under the (B) guarantee, so that -- again from the PTO's viewpoint -- the applicant is not "compensated" for the PTO's administrative delay, he is benefited by it.

But if subsection (B) had been intended to guarantee a 17-year patent term and *no more*, it could easily have been written that way. It is true that the legislative context -- as distinct from the legislative history -- suggests that Congress may have intended to use subsection (B) to guarantee the 17-year term provided before GATT. But it chose to write a "[g]uarantee of no more than 3-year application pendency," 35 U.S.C. § 154(b)(1)(B), not merely a guarantee of 17 effective years of patent term, and do so using language separating that guarantee from a different promise of prompt administration in subsection (A). The PTO's efforts to [\*12] prevent windfall extensions may be reasonable -- they may even be consistent with Congress's intent -- but its interpretation must square with Congress's words. If the outcome commanded by that text is an unintended result, the problem is for Congress to remedy, not the agency.

JAMES ROBERTSON  
United States District Judge